



Driven for life

Annual Report **2005**



Autoliv

CORPORATE SOCIAL RESPONSIBILITY

Benefits for Society

Corporate Social Responsibility (CSR) is a relatively new term for the responsibility a company assumes for society, its employees, suppliers and other stakeholders. For Autoliv, CSR is not new; it is what our business has always been about, because saving lives and reducing traffic injuries is our business mission.



Several studies have shown that automotive safety systems such as seatbelts and airbags are very cost-efficient for societies. One of the most thorough studies was made in 2000 by the National Highway Traffic Safety Administration (NHTSA) based on data from the United States.

According to this study ("The Economic Impact of Motor Vehicle Crashes 2000"), seatbelts that year saved nearly 12,000 lives in the U.S. alone. In addition, they prevented approximately 325,000 injuries – varying in severity from minor to critical (i.e. from AIS 1 to AIS 5 in the generally accepted "Abbreviated Injury Scale"). Consequently, seatbelts make a very significant contribution to reducing human suffering.

In addition, seatbelts saved billions of dollars in medical costs, productivity, insurance payments, legal costs, etc. NHTSA estimates these direct cost savings to be nearly \$1 million for each life saved, while the cost savings from injuries vary from \$5,941 for each minor injury to more than \$1 million for each critical injury that is avoided (see table). These direct savings add up to almost \$50 billion.

Since Autoliv in 2000 accounted for 20% of the U.S. seatbelt market, the Company's contribution to these savings was approximately \$10 billion, which should be compared with the Company's sales of seatbelts in the U.S., which were \$260 million in 2000. This would indicate that the cost savings to the U.S. society could be nearly 40 times as much as the society's cost for our seatbelts.

This calculation does not include the cost for installing belts in vehicles (which does not involve us as a supplier). In addition, the calculation only reflects direct savings such as reduced medical costs but does not include savings from eliminated pain and suffering of injuries and fatalities. Since NHTSA estimates these "quality of life savings" to amount to nearly \$2.4 million per life saved, there is enough margin to cover the installation costs and to draw the conclusion that the cost advantages for societies from Autoliv's seatbelts are substantial.

Generally, the savings impact of each additional safety system is less, because seatbelts – i.e. the primary mode of protection – have already eliminated the most pressing needs.

As to frontal airbags, NHTSA estimates (in "Lives Saved by the Federal Motor Vehicle Safety Standards and Other Vehicle Safety Technologies, 1960-2002"), that these airbags reduced fatalities by 12% in 2002 and serious to critical injuries (i.e. AIS 3-5) by 15%.

As to side airbags, NHTSA has recently proposed new regulations for side impact tests. In its proposal, NHTSA estimates the net benefit (i.e. savings minus costs) to society to range between \$200 million and \$1.5 billion annually. The wide range reflects the difficulties in foreseeing which safety product, or products, will be used to meet the test criteria and how many vehicles will already have them by September 2011, when the proposed law is intended to apply to all new vehicles.

Estimated Savings for the U.S. Society from Seatbelt Usage

	AIS ¹⁾	Cost/Injury	No. of injuries prevented	Savings in millions
Minor	1	\$5,941	N/A	N/A
Moderate	2	\$62,020	233,365	\$14,470
Serious	3	\$178,358	67,387	\$12,020
Severe	4	\$337,301	19,006	\$6,402
Critical	5	\$1,077,567	5,065	\$5,458
Fatal	6	\$957,787	11,889	\$11,387
Total			335,712	\$49,737

1) Abbreviated injury scale.

Source: "The Economic Impact of Motor Vehicle Crashes 2000" from the National Highway Traffic Safety Administration (NHTSA) and Autoliv.